

**TEMPLATE FOR SUBMISSION OF TEXTUAL PROPOSALS DURING THE 28TH SESSION:
COUNCIL - PART I**

Please fill out one form for each textual proposal which your delegation(s) wish(es) to amend, add or delete and send to council@isa.org.jm.

1. Name of Working Group:

Open-ended Working Group of the Council on the financial terms

2. Name(s) of Delegation(s) making the proposal:

Submitted by Nauru Ocean Resources Inc. and Tonga Offshore Mining Ltd.

3. Please indicate the relevant provision to which the textual proposal refers.

Draft Regulation 64

4. Kindly provide the proposed amendments to the regulation or standard or guideline in the text box below, using the “track changes” function in Microsoft Word. Please only reproduce the parts of the text that are being amended or deleted.

1. A Contractor, from the date of commencement of Commercial Production, shall pay a royalty in respect of the mineral-bearing ore sold or removed without sale from the Contract Area as determined in appendix IV to these regulations [pursuant to paragraph 1 of section 8 of the annex to the Agreement].

~~2. The date of commencement of Commercial Production, will be the date notified according to Regulation 27(2).~~

5. Please indicate the rationale for the proposal. [150-word limit]

- We support the proposed amendments to Draft Regulation 64.
- We agree that further guidance is needed concerning the definition of ‘Commercial Production’.
- We do not support amending the existing definition of Commercial Production contained in the Schedule of the Draft Regulations.
- We consider the existing definition replicates the definition of Commercial Production found in Annex III, Article 17(2)(g) of the Convention.
- The rules, regulations and procedures of the Authority must be in accordance with the Convention and therefore the definition contained in the Convention must be retained.
- We consider that further explanation of how the definition will work in practice would be helpful and propose that terms contained in the definition such as “sustained large-scale recovery” and “large-scale production” are further elaborated in an accompanying Standard and/or Guidelines.